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ACTION EB-00

INFO	LOG-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00	DODE-00
	ITCE-00	DOTE-00	SRPP-00	EAP-00	EXME-00	E-00	FAAE-00
	FBIE-00	UTED-00	VC-00	FRB-00	H-01	TEDE-00	INR-00
	ITC-01	LAB-01	L-00	VCE-00	MOFM-05	MOF-03	AC-01
	NSAE-00	NSCE-00	OMB-01	OPIC-01	ACE-00	SP-00	STR-00
	TEST-00	USIE-00	FMP-00	DRL-02	G-00	NFAT-00	SAS-00
	SWCI-00	/017W					

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FM AMEMBASSY HANOI  
TO SECSTATE WASHDC 3246  
DEPTTREAS WASHDC  
INFO USDOC WASHDC  
USDA WASHDC  
ASEAN COLLECTIVE  
AMCONSUL HO CHI MINH CITY

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SIPDIS

STATE FOR EB/IFD/ODF, EB/IFD/OMA, EAP/EP, EAP/BCLTV  
STATE PASS USAID/ANE AFERRERA AND DMCLUSKEY  
STATE PASS USTR  
TREASURY FOR OASIA  
USDOC FOR 4431/MAC/OKSA/HPPHO  
USDA FOR FAS/ITP/SCHIKH/HUYNH  
PHNOM PENH FOR USAID LCHILES  
MANILA PASS USADB

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E.O. 12958: N/A

TAGS: [EAID](#) [ECON](#) [EFIN](#) [VM](#) [SOE](#) [FINREF](#)

SUBJECT: MID-TERM CONSULTATIVE GROUP MEETING FOR VIETNAM - UPBEAT MOOD, IMPROVED DONOR COORDINATION

REF: A) HANOI 1521, B) HANOI 1497

1. SUMMARY: ON JUNE 18 AND 19 IN HOI AN, IN VIETNAM'S CENTRAL REGION, DONORS GATHERED FOR AN INFORMAL CONSULTATIVE GROUP MEETING TO TAKE STOCK OF PROGRESS. IMF AND WORLD BANK GROUP REPRESENTATIVES WERE PLEASED THEIR EXECUTIVE BOARDS HAD APPROVED MAJOR STRUCTURAL REFORM/POVERTY ALLEVIATION CREDITS FOR VIETNAM. IN ADDITION, PAPERS PRESENTED AND DONORS STATEMENTS REFLECTED A GENERAL OPTIMISM FOR VIETNAM'S ECONOMIC OUTLOOK. MUCH OF THIS HAS TO DO WITH THE FACT THE U.S.-VIETNAM BILATERAL TRADE AGREEMENT HAS MOVED TO THE CONGRESS WHERE ALL HOPED IT WILL SOON BE APPROVED. AS THE U.S. AND OTHER DONORS HAD URGED, THE AGENDA CONTAINED MANY ITEMS REVOLVING AROUND VIETNAMESE COMMITMENTS ON TRADE, STATE-OWNED ENTERPRISE, AND FINANCIAL SECTOR REFORM. THE GOVERNMENT ELABORATED ON ITS PLANS FOR IMPLEMENTATION. KNOWING WASHINGTON AGENCIES ARE INTERESTED IN FISCAL DEVELOPMENTS IN VIETNAM, WE HAVE INCLUDED A NOTE PREPARED BY THE GOVERNMENT ON PLANS TO IMPROVE TRANSPARENCY AND DIAGNOSTICS IN THIS CRITICAL AREA.

2. AMBASSADOR PETERSON, ACCOMPANIED BY REGIONAL USAID DIRECTOR CHILES AND EMBASSY HANOI ECONCOUNS DRY, MADE A NUMBER OF INTERVENTIONS AT THE MEETING. AMBASSADOR NOTED U.S. DESIRE FOR VIETNAM TO MOVE RAPIDLY ON ITS GROWTH TRAJECTORY. BUT IN ORDER TO DO SO, HE SAID, THE GOVERNMENT MUST CREATE POLICIES WHICH THE

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PEOPLE FULLY SUPPORT. "IMPROVING THE LOT OF THE PEOPLE SHOULD ALWAYS BE THE GOAL." THE AMBASSADOR URGED THE GOVERNMENT TO AGGRESSIVELY TACKLE STATE-OWNED ENTERPRISE REFORM TO REDUCE THE "DRAG" THIS SECTOR IMPOSES ON THE ECONOMY AS A WHOLE. THESE ENTERPRISES, THE AMBASSADOR CONTINUED, MUST STAND ON THEIR OWN IF THEY ARE TO BE ALLOWED TO EXIST AT ALL. THE AMBASSADOR ALSO EXPRESSED CONCERN ABOUT THE "MANIPULATION" THESE ENTERPRISES CAN ENGAGE IN WITH SEVERE IMPACT ON PRIVATE SECTOR DEVELOPMENT. THE AMBASSADOR ALSO STRESSED THE IMPORTANCE OF UNIVERSAL AND IMPROVED EDUCATION IN VIETNAM. HE OBTAINED A COMMITMENT FROM THE GOVERNMENT THAT THE GOVERNMENT WOULD SUPPORT A NATIONAL SAFETY CONFERENCE LATER IN THE YEAR TO DEAL WITH VIETNAM'S HORRENDOUS, PREVENTABLE INJURY PROBLEM.

3. THE GOVERNMENT SUBMITTED THE FOLLOWING PAPER ON BUDGETARY MANAGEMENT WHICH WE BELIEVE USEFUL TO WASHINGTON AGENCIES AS A REFERENCE TOOL. BEGIN TEXT:

JOINT MINISTRY OF FINANCE, MINISTRY OF PLANNING AND INVESTMENT & WORLD BANK NOTE ON PUBLIC FINANCIAL MANAGEMENT

THIS JOINT NOTE SUMMARIZES THE ANALYSES ON PUBLIC FINANCIAL MANAGEMENT AND ACCOUNTABILITY THAT HAS BEEN UNDERTAKEN BY THE GOVERNMENT OVER THE LAST THREE YEARS, IN COLLABORATION WITH THE DONORS AND THE PROCESSES THAT HAVE BEEN ESTABLISHED TO CONTINUE DISCUSSIONS ON THESE ISSUES ON A CONTINUING BASIS. IN PARTICULAR IT HIGHLIGHTS THE AGENDA OF ACTIONS THAT HAVE BEEN DEVELOPED BY THE GOVERNMENT BASED ON THE ANALYSES AND THE DIALOGUE, ESPECIALLY THE FOUR MAJOR INITIATIVES THAT ARE PLANNED IN TERMS OF WORK AND ACTIONS.

BACKGROUND:

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VARIOUS PIECES OF ANALYSES OF VIETNAM'S PUBLIC FINANCIAL MANAGEMENT AND ACCOUNTABILITY ARRANGEMENTS HAVE BEEN UNDERTAKEN SINCE SEPTEMBER 1998. THE FISCAL TRANSPARENCY REPORT - TOWARDS FISCAL TRANSPARENCY- DONE JOINTLY BY THE WORLD BANK AND THE IMF, WAS COMPLETED AND PUBLISHED WIDELY IN EARLY 1999. IT LAID OUT A MEDIUM-TERM AGENDA OF ACTIONS FOR IMPROVING TRANSPARENCY OF BUDGETARY INFORMATION AND PROCESSES - INTERNAL (OR MANAGEMENT), EXTERNAL (I.E. FOR DONORS AND IFIS) AND PUBLIC.

THE SECOND PUBLIC EXPENDITURE REVIEW (PER) - MANAGING PUBLIC RESOURCES BETTER- DONE JOINTLY BY THE GOVERNMENT AGENCIES AND THE DONORS IN A HIGHLY PARTICIPATORY PROCESS, WENT FURTHER TO INCREASE AND EXPAND TRANSPARENCY OF INFORMATION ON PUBLIC SPENDING. THIS PER WAS FIRST DISCUSSED IN DALAT AT THE MID-TERM CG IN JUNE 2000 AND SUBSEQUENTLY PRINTED IN TWO VOLUMES IN NOVEMBER 2000. IT IS NOW AVAILABLE WIDELY ON THE WEB SINCE.

THIS PER WAS CARRIED OUT BY GOVERNMENT'S WORKING GROUP. SEVERAL DONORS - WORLD BANK (MANAGING THE EFFORT), IMF, NETHERLANDS, UK, DENMARK AND SWEDEN AS WELL AS ACTION AID, WORKED DIRECTLY WITH THAT WORKING GROUP AND CONTRIBUTED SUBSTANTIALLY TO THE REPORT. ALL DONORS WERE INVOLVED IN A SERIES OF FIVE CONSULTATIONS ON VARIOUS DRAFTS OF THE PER DURING THE PROCESS OF ITS PREPARATION. THE PUBLISHED PER REPORT WAS DISSEMINATED TO THE PROVINCES BY THE MOF THROUGH NUMEROUS WORKSHOPS AND SEMINARS DURING THE FIRST THREE MONTHS OF 2001. IN FEBRUARY 2001, THE GOVERNMENT LED A PERMANENT GOVERNMENT-DONOR-NGO WORKING GROUP ON PUBLIC EXPENDITURE REFORM (ARISING OUT OF A MERGER OF THE SEPARATE WORKING GROUPS OF GOVERNMENT AND OF THE DONORS CREATED FOR DOING THE PER) AND THE WORLD BANK AGREED TO PROVIDE LOGISTICAL SUPPORT TO THAT GROUP. THE FIRST MEETING IN FEBRUARY 28 WAS CHAIRED JOINTLY BY MADAM LE THI BANG TAM, VICE MINISTER OF FINANCE, AND MR. ANDREW STEER, COUNTRY DIRECTOR OF WORLD BANK IN VIETNAM. THE SECOND MEETING ON JUNE 5 WAS CHAIRED BY MR. NGUYEN BA TOAN, DEPUTY DIRECTOR EXTERNAL RELATIONS, MOF, AND KAZI M. MATIN, CHIEF ECONOMIST OF THE WORLD BANK IN VIETNAM.

THE GOVERNMENT AGENCIES DEVELOPED A DETAILED MATRIX OF ACTIONS BASED ON THE PER CITING THE STEPS TO BE TAKEN IN EACH YEAR (I.E. 2001-2003) AND THE LIKELY TECHNICAL ASSISTANCE NEEDS FOR IMPLEMENTING THEM AND PRESENTED IT FOR DISCUSSION IN THE FIRST MEETING OF THE WORKING GROUP ON PUBLIC EXPENDITURE ISSUES. DONORS INDICATED THEIR INTEREST FOR TA TO THE GOVERNMENT AND THIS WAS INCORPORATED IN THE SECOND VERSION OF DETAILED MATRIX OF ACTIONS (SHOWN IN ANNEX 1 OF THIS NOTE).

DONORS AGREED THAT THIS MATRIX DEVELOPED BY THE GOVERNMENT WOULD BE USED FOR FUTURE DONOR SUPPORTS TO PUBLIC FINANCIAL MANAGEMENT  
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IN VIETNAM. IF NEW ISSUES ARISE AND THE GOVERNMENT AGREES TO NEW ACTIONS AS A RESULT, THEY WILL BE ADDED TO THE AGENDA, USING THIS MATRIX FRAMEWORK. MORE RECENTLY, A COUNTRY FINANCIAL ACCOUNTABILITY ASSESSMENT (I.E. CFAA) HAS BEEN CARRIED OUT JOINTLY BY ADB AND THE WORLD BANK IN THE LATER PART OF 2000 AND 2001. THIS ASSESSMENT COVERS FINANCIAL MANAGEMENT ISSUES IN BOTH THE PRIVATE SECTOR AND THE PUBLIC SECTOR. ADB FOCUSED MAINLY ON PRIVATE SECTOR ACCOUNTING/FINANCIAL MANAGEMENT ISSUES AND THIS HAS ALREADY BEEN PUBLISHED AS VOLUME 1 OF THE REPORT. THE WORLD BANK FOCUSED ON PUBLIC FINANCIAL CONTROL AND ACCOUNTABILITY, AS WELL AS ON PRIVATE SECTOR CORPORATE GOVERNANCE AND THE WORLD BANK'S DRAFT CFAA IS CURRENTLY UNDER DISCUSSION WITH THE GOVERNMENT AGENCIES. THERE WERE A FEW NEW ISSUES AND SUGGESTED ACTIONS THAT HAVE EMERGED FROM THIS CFAA WORK ON PUBLIC FINANCIAL CONTROL AND ACCOUNTABILITY; THE GOVERNMENT AGENCIES WILL REVIEW THESE ISSUES AND RECOMMENDATIONS AND CONSIDER ADDING THEM TO THE MATRIX IN THE APPROPRIATE SECTION.

RECENT ACTIONS TAKEN BY GOVERNMENT:

-- DESIGNATED THE STATE TREASURY AS THE MAIN AGENCY RESPONSIBLE FOR MAINTAINING THE CONSOLIDATED PUBLIC ACCOUNTS AND THUS FOR ESTABLISHING THE INTEGRATED PUBLIC FINANCIAL MANAGEMENT INFORMATION SYSTEM.  
-- INITIATED STUDY AND SURVEY ON THE UNIFICATION OF THE TREASURY, BUDGET AND TAXATION ACCOUNTING SYSTEMS.  
-- ISSUED REGULATION ON FINANCIAL REPORTING SYSTEM OF ENTERPRISES, INCLUDING SOES TO MAKE INFORMATION ON PERFORMANCE OF SOES SYSTEMATIC AND ACCESSIBLE (DECISION 167/2000/QD-BTC OF

OCTOBER 25, 2000).

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-- DEVELOPED COMPREHENSIVE INFORMATION/DATA ON THE "OFF-BUDGET"  
FUNDS SUCH AS DEVELOPMENT SUPPORT FUND, SOCIAL SECURITIES FUND,  
NATIONAL FUND FOR EMPLOYMENT, ETC.  
-- COMPLETED THE DRAFT AMENDMENT OF THE REGULATIONS FOR STATE  
BUDGET TRANSPARENCY AT ALL LEVELS (I.E. AMENDMENT OF DECREE  
225/1998/QĐ-TTĐ OF NOVEMBER 20, 1998).  
-- ISSUED RULES (CIRCULAR 118/2000/TT-BTC OF DECEMBER 22, 2000)  
ON COMMUNE BUDGET MANAGEMENT AND OTHER FINANCIAL ACTIVITIES AT  
COMMUNE/WARD/TOWNSHIP LEVEL AS WELL AS ON CLASSIFICATIONS  
APPLICABLE TO THE COMMUNE BUDGET (DECISION 209/2000/QĐ-BTC OF  
DECEMBER 25, 2000).  
-- COMPLETED INITIAL DRAFTS OF PROVINCIAL PERS IN HCMC AND QUANG  
BINH AND COPIES OF THESE PERS WILL BE PROVIDED TO INTERESTED  
DONORS AS SOON AS THEY ARE FINALIZED.  
INITIAL STEPS HAVE BEEN TAKEN TO DEVELOP THE MEDIUM-TERM SECTOR  
EXPENDITURE PROGRAM FOR EDUCATION BY MOET AND MOF AND FURTHER  
WORK WILL BE UNDERTAKEN DURING THE NEXT YEAR.

PLANNED ACTIVITIES OVER THE NEXT SIX MONTHS:

ACTIVITIES IN THE PUBLIC EXPENDITURE MANAGEMENT AREA OVER THE  
NEXT SIX MONTHS WILL COVER FOUR AREAS: BUDGET LAW REVISION;  
PUBLIC FINANCIAL MANAGEMENT & ACCOUNTABILITY PROJECT; FIVE YEAR  
PUBLIC INVESTMENT PLAN; AND MEDIUM-TERM SECTOR EXPENDITURE PLAN.  
THERE IS LIKELY TO BE CONSIDERABLE OVERLAP IN THESE AREAS OF WORK  
AND THUS THERE IS NEED TO COORDINATE AMONG THESE ACTIVITIES.

REVISION AND AMENDMENT OF THE BUDGET LAW. ACCORDING TO THE LAW  
PROGRAM OF THE NA, THE GOVERNMENT WILL COMPLETE A PROPOSAL FOR  
REVISION AND AMENDMENT OF THE BUDGET LAW BEFORE NOVEMBER 2001 TO  
SOLICIT VIEWS AND COMMENTS FROM NA DELEGATES AT THE 10TH SESSION  
OF THE NA (SCHEDULED TO BE HELD IN NOVEMBER 2001) AND TO BE  
PRESENTED TO THE NA IN THE SUBSEQUENT SESSION. FOR THIS PURPOSE,  
THE MINISTRY OF FINANCE, IN COLLABORATION WITH MINISTRIES,  
CENTRAL AGENCIES AND 61 PROVINCES/CITIES, HAS BEEN WORKING ON  
PREPARATION OF THE PROPOSAL TO REVISION AND AMENDMENT OF THE  
BUDGET LAW. THE WORK HAS FOCUSED ON TWO KEY AREAS AS FOLLOWS:  
UNDERTAKE THE REVIEW AND ASSESSMENT OF FOUR-YEAR IMPLEMENTATION  
OF THE BUDGET LAW AT ALL LEVELS OF GOVERNMENT AND ALL GOVERNMENT  
AGENCIES WITH A VIEW OF IDENTIFYING WEAKNESSES AND SHORTCOMINGS  
OF THE CURRENT BUDGET LAW AND PROPOSING SPECIFIC REVISIONS AND  
AMENDMENTS IN THE COMING TIME.

UNDERTAKE INTENSIVE STUDY OF OTHER COUNTRIES' EXPERIENCE ON THIS  
ISSUE, HARNESSING ADVICE OF INTERNATIONAL EXPERTS THROUGH WORKING  
SESSION, SEMINARS AND INTERNATIONAL WORKSHOPS, RESULTS OF STUDIES  
CARRIED BY DONOR-FUNDED TA PROJECTS ON FINANCIAL MANAGEMENT  
CAPACITY ENHANCEMENT SUCH AS BUDGET REFORM PROJECT FUNDED BY  
GERMANY, UNDP-FUNDED PER CAPACITY BUILDING PROJECT (VIE/96/028),  
VIETNAM-CANADA FINANCIAL MANAGEMENT PROJECT, COLLABORATION

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PROGRAM ON TAXATION FUNDED BY SWEDEN, ANALYSIS AND  
RECOMMENDATIONS OF PER-2000 ETC.

PUBLIC FINANCIAL MANAGEMENT & ACCOUNTABILITY PROJECT. THE  
GOVERNMENT HAS REQUESTED THE WORLD BANK (TOGETHER WITH OTHER  
DONORS) TO FINANCE AN INTEGRATED PUBLIC FINANCIAL MANAGEMENT AND  
ACCOUNTABILITY PROJECT THAT WOULD ADDRESS PROBLEMS OF  
COMPREHENSIVENESS, CONSISTENCY AND TIMELINESS OF RECORDING,  
REPORTING, MONITORING AND INTERNAL CONTROL OF BUDGET PREPARATION  
AND EXECUTION. THIS PROJECT WOULD COVER THE BUDGET REPORTING AND  
RECORDING PROCESS IN THE MINISTRIES OF FINANCE AS WELL AS  
PLANNING AND INVESTMENT, AND INCLUDE SEVERAL SECTOR MINISTRIES,  
OVER TIME.

A JOINT WORLD BANK-DONOR MISSION IS PLANNED FOR JUNE 20-JULY 2,  
2001, TO DISCUSS WITH THE GOVERNMENT AND THE DONORS THE CONCEPT  
OF THE PROJECT, THE WORK THAT NEEDS TO BE DONE TO DEVELOP THE  
PROJECT, THE TIMETABLE OF NEXT STEPS AND THE DONORS THAT WOULD CO-  
FINANCE PROJECT PREPARATION AND PROJECT FUNDING. THIS MISSION  
WILL BE LED BY GEOFF DIXON AND WILL INCLUDE THE TASK MANAGERS OF  
THE PER AND THE CFAA, AS WELL AS CONSULTANTS ON ACCOUNTING AND ON  
PERFORMANCE MONITORING. DFID, UK, WILL FINANCE A CONSULTANT ON  
THE ORGANIZATION OF THE BUDGET DEPARTMENT AND ANOTHER DONOR WILL  
FUND A CONSULTANT ON INFORMATION TECHNOLOGY ISSUES.

FIVE YEAR PUBLIC INVESTMENT PROGRAM (PIP) THE MINISTRY OF  
PLANNING AND INVESTMENT (MPI) EXPECTS TO FINALIZE A FRAMEWORK FOR  
THE PIP, INCLUDING OBJECTIVES, CONCEPTS, SCOPE, CRITERIA FOR  
ALLOCATION OF RESOURCES, FUNDING MOBILIZATION POLICIES, CRITERIA  
FOR SELECTION OF OVERALL OBJECTIVES AND THOSE OF INDIVIDUAL  
SECTORS, CRITERIA FOR SELECTION OF INVESTMENT PROJECTS. BASED

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ON THIS FRAMEWORK, A LIST OF THE MAJOR PROJECTS OF THE 2001-2005  
PIP WILL BE PROPOSED. THESE PROJECTS ARE THE CORE GROUP OF THE  
PROGRAM AND APPROPRIATE ADJUSTMENTS CAN BE MADE DURING ITS  
IMPLEMENTATION. THESE PROJECTS WOULD REPRESENT KEY PROJECTS NOT  
ONLY FOR THE COMING FIVE YEARS BUT ALSO FOR THE WHOLE PERIOD OF

TEN YEARS AND WOULD AIM AT IMPLEMENTATION OF SOCIO-ECONOMIC DEVELOPMENT STRATEGIES ADOPTED BY THE NINTH PARTY CONGRESS. INITIAL SUBMISSIONS HAVE BEEN MADE BY PROVINCES AND SECTOR MINISTRIES ON THE FIVE YEAR INVESTMENT PLAN TO MPI AND DISCUSSIONS ARE UNDERWAY. IT IS PLANNED THAT THE PIP FRAMEWORK WOULD BE SUBMITTED TO THE NATIONAL ASSEMBLY IN NOVEMBER 2001. FOLLOWING THE REVIEW BY NA, GOVERNMENT AGENCIES WOULD FINALIZE THE PROGRAM TO ANNOUNCE IT BY APRIL 2002. FOR THIS PURPOSE, SEVERAL KEY PIECES OF WORK - TO BE DONE BY MPI - WILL BE SUPPORTED BY THE BANK AND OTHER DONORS OVER THE NEXT FOUR MONTHS, AND THEY INCLUDE THE FOLLOWING:

- DEVELOPING OVERALL DEVELOPMENT OBJECTIVES AND THOSE FOR EACH OF INDIVIDUAL SECTORS, SCOPE AND ROLES OF PIP IN ACHIEVING THESE OBJECTIVES;
- DEVELOPING PRINCIPLES AND CRITERIA FOR ALLOCATION OF PUBLIC INVESTMENT ACROSS SECTORS TO ACHIEVE THE STATED GOALS OF THE TEN YEAR STRATEGY;
- ACTUAL DISTRIBUTION OF INFRASTRUCTURE PUBLIC SPENDING IN THE PREVIOUS FIVE YEAR PLAN ACROSS PROVINCES, RURAL VERSUS URBAN AREAS AND/OR GROWTH-POLE VERSUS OTHER AREAS AND THE CRITERIA TO BE USED FOR A MORE RURAL DISTRIBUTION IN THE NEXT PLAN;
- THE RECURRENT BUDGET IMPLICATIONS OF THE PUBLIC INVESTMENT PLAN IN ALL KEY SECTORS (E.G. EDUCATION, HEALTH, TRANSPORT AND AGRICULTURE);
- ECONOMIC AND SOCIAL SCREENING PROCESS FOR PROJECTS SUBMITTED BY THE SECTOR MINISTRIES AND PROVINCIAL PEOPLES' COMMITTEES FOR INCLUSION IN THE PROGRAM;
- PRELIMINARY PROJECTION OF THE RESOURCES AVAILABLE TO MEET THE NEED OF THE PROGRAM FOR THE PERIOD 2001-05.

THE WORLD BANK ALSO PLANS TO PROVIDE A PRELIMINARY ASSESSMENT OF THE PIP FRAMEWORK THAT WILL BE COMPLETED FOR DISCUSSION IN THE NATIONAL ASSEMBLY IN NOVEMBER 2001.

MEDIUM-TERM SECTOR EXPENDITURE PLAN IN EDUCATION. A MEDIUM-TERM SECTOR EXPENDITURE PLAN IS EXPECTED TO BE PREPARED IN EDUCATION WHEREBY DONORS WILL BE SUPPORTING THE AGREED MEDIUM-TERM SECTOR GOALS IN EDUCATION AND A SECTOR STRATEGY ON POLICIES, INSTITUTIONS AND PUBLIC EXPENDITURES TO MEET THOSE GOALS. THE MEDIUM-TERM EXPENDITURE PLAN WOULD THUS COMBINE RECURRENT AND CAPITAL EXPENDITURES, THEREBY ENSURING APPROPRIATE BALANCE AND PRIORITIZATION THAT IS CONSISTENT WITH THE POLICIES AND INSTITUTIONS. THE MOET, THE MOF AND THE MPI HAVE ALREADY STARTED DISCUSSION ON THE STEPS THAT NEED TO BE TAKEN TO DEVELOP THAT PLAN. A GOOD DEAL OF THE WORK THAT IS NECESSARY THAT NEEDS TO BE UNCLASSIFIED

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DONE FOR THIS PURPOSE WILL OVERLAP WITH THOSE REQUIRED FOR THE ABOVE (E.G. NEW NORMS FOR ALLOCATING RECURRENT EXPENDITURE AND FOR CASH TRANSFERS TO POORER PROVINCES TO BE DONE FOR BUDGET-LAW REVISION; OR WOKRING OUT THE RECURRENT BUDGET IMPLICATIONS OF EACH SECTOR'S INVESTMENT PLAN BEING PREPARED FOR THE PIP; OR THE INTERNAL CONTROL PROCESSES AND REPORTING/RECORDING REQUIREMENTS TO BE IMPLEMENTED UNDER THE PUBLIC FINANCIAL MANAGEMENT PROJECT). MOET WILL TAKE THE LEAD IN THIS EFFORT, WITH MOF AND MPI PROVIDING STRONG DIRECT SUPPORT AND WITH PARTICIPATION IN PROVINCES. THE DEVELOPMENT OF THE MEDIUM-TERM EXPENDITURE PROGRAM FOR THE EDUCATION SECTOR WOULD EXPECT TO DRAW ON THE RESULTS OF PAST AND ON-GOING PROJECTS AND PROGRAMS SUPPORTED BY UNDP, EU, DFID, THE WORLD BANK AND OTHER KEY PARTNERS.  
END TEXT OF JOINT PAPER

PETERSON

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